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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
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09/373,786 08/13/99 LEISTENSNIDER

J 2449-103A

EXAMINER

TM02/0731

ROTHWELL FIGG ERNST AND KURZ PC
SUITE 701 E
555 13TH STREET NW
WASHINGTON DC 20004

PWU, J

ART UNIT

PAPER NUMBER

2164

DATE MAILED:

07/31/01

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

Office Action Summary

Application No.

09/373,786

Applicant(s)

LEISTENSNIDER ET AL.

Examiner

Jeffrey C Pwu

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☐ Responsive to communication(s) filed on ____.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☐ Claim(s) 1-9 is/are pending in the application.
- 4a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 1-9 is/are rejected.
- 7) ☐ Claim(s) ____ is/are objected to.
- 8) ☐ Claim(s) ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on ____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on ____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. ____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892) 4) ☐ Interview Summary (PTO-413) Paper No(s). ____
- 2) ☒ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) ____ 6) ☐ Other: _____

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DETAILED ACTION

Claim Rejections - 35 USC § 112

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
2. Claims 1-9 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.
3. Claim 1 recites the limitation "the highest sales of said remaining list" in the claim. There is insufficient antecedent basis for this limitation in the claim.
4. Claim 2 recites the limitation "said top twenty percent" in claim 1. There is insufficient antecedent basis for this limitation in the claim.

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5. Claim 4 recites "the identity of stocks", "the company", "the highest sales" and "said remaining list" in the claim. There is insufficient antecedent basis for this limitation in the claim.

6. Claim 5 recites the limitation "said top twenty percent" in claim 4. There is insufficient antecedent basis for this limitation in the claim.

7. Claim 7 recites "the composition", "the highest sales" and "said remaining list" in the claim. There is insufficient antecedent basis for this limitation in the claim.

8. Claim 8 recites the limitation "said top twenty percent" in claim 7. There is insufficient antecedent basis for this limitation in the claim.

9. Dependent Claims are rejected for incorporating the defects from the parent claim by dependency.

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Claim Rejections - 35 USC § 102

10. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless --

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

11. Claim 1, 4, and 7 are rejected under 35 U.S.C. 102(e) as being anticipated by *O'Shaughnessy* (US 5,978,778).

(Claim 1) *O'Shaughnessy* teaches a computer-implemented method for creating a portfolio of equity of stocks, comprising the steps of:

- ▶ determining the composition of a predetermined broad based stock index (S &P Composted or Morningstar-col.13, line 59-col.14, line 46) by accessing a database (see fig.1, block 1-4; col.11, lines 21-25; col.12, lines 5-10) and creating a list of the stocks making up the index (col.11, lines 29-34; "sorting records identifying the stocks which meet said criteria in descending order of one year appreciation in stock price into a

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sorted list ; and making available from the top of said sorted list a listing of a number of stocks");

► obtaining from said database for each stock in said index, data relating to at least market capitalization (col.2, lines 20-34; col.3, lines 14-18 "A comparison of All Stocks (stocks with a market capitalization of more than \$...)") and sales (see abstract, "price-sales-ratio"; col.5, lines 38-56 "Value Strategy Implications..."; and col.5, lines 58-64 "Growth investors want high earnings and sales growth ...") of the company issuing the stock;

► creating an acceptable stock list by at least eliminating from said index list stocks having a market capitalization below a predetermined value (col.3, lines 56-58, col.11, lines 30-34); and

► sorting the acceptable list by sales and placing into the portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said remaining list (col.11, lines 30-39).

(Claim 4) *O'Shaughnessy* also teaches a computer-implemented system for creating a portfolio of equity stocks, comprising:

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► a database (col.11, line 23) containing information pertaining to individual stocks and information (col.11, line 24) pertaining to stocks making up a plurality of known stock indexes;

► means for determining the composition of a predetermined broad based stock index (col.11, lines 27-34) by accessing said index;

► means for obtaining from said database for each stock in said index, data relating to at least market capitalization and sales of the company issuing the stock (col.11, lines 27-34);

► means for creating an acceptable stock list by at least eliminating from said index list stocks having a market capitalization below a predetermined value (col.12, line 6-33, "selecting stocks for an investment portfolio based on information in said database meeting certain criteria; wherein said criteria include selecting stocks of companies with database records indicating: market capitalization in excess of a desired capital amount ..."); and

► means for sorting (col.11, line 28-39) the acceptable list of stocks by sales and placing into said portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said remaining list.

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(Claim 7) *O'Shaughnessy* further teaches a computer product having computer readable code stored on a computer-readable storage medium (abstract and col.13, lines 8-14), said computer readable code comprising:

- ▶ means for determining the composition (a sorted list; col.11, lines 32) of a predetermined broad based stock index (S&P 500) by accessing a database and creating in a computer in which said code is programmed a list of the stocks (col.13, lines 8-14) making up said index;

- ▶ means for creating an acceptable stock list by at least eliminating from said index list stocks having a market capitalization below a predetermined value (col.11, lines 21-39);and

- ▶ means for sorting the acceptable list of stocks by sales (P-E ratio; col.11, line 28) and placing into said portfolio, until a predetermined number of stocks are reached (col.2, line 9; 50 stocks), a stock having the highest sales of said remaining list (col.2, lines 19-34; "...only stocks with a market capitalization in excess of \$150 million...").

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Claim Rejections - 35 USC § 103

12. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

13. Claims 2, 5, and 8 are rejected under 35 U.S.C. 103(a) as being unpatentable over *O'Shaughnessy*.

O'Shaughnessy discloses the claimed invention including usually selecting the top 16% of the database by market capitalization (col.2, line 33).

O'Shaughnessy does not disclose selecting the top 20% of the database. It would have been obvious to one of ordinary skill in the art at the time of the invention was made to select the top 20 % of the database, since where the general conditions of a claim are disclosed in the prior art, discovering the optimum or workable range merely involves routine skill in the art. "Where the general conditions of a claim are disclosed in the prior art, it is not inventive to discover the optimum or workable ranges by routine experimentation." *In re Aller*, 220 F.2d 454, 456, 105 USPQ 233, 235

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(CCPA 1955)

14. Claims 3, 6, and 9 are rejected under 35 U.S.C. 103(a) as being unpatentable over *O'Shaughnessy* in view of *Bloom* et al. (US 6,061,663)

O'Shaughnessy teaches all of the elements claimed with the exception of using the Nasdaq-100 Index as the broad based stock index.

Bloom et al. teaches a computer system and method of using the NASDAQ-100 Index® as the capitalization index and storing computer program product for rebalancing the capitalization weighted stock index (col.1, lines 33-56; col.3, lines 16-26 and 45-51).

The business practice of choosing capitalization weighted indices, in creating a stock portfolio, is an old and well-established business practice and different indices can be used alternatively (see also col.3, lines 26-27 of *Bloom et al.*) or simultaneously in a investment portfolio. This practice is designed to diversify the criteria in an investment portfolio and attract more investors investing in various stock database.

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It would have been obvious to one having ordinary skill in the art at the time of the invention to include in the method of *O'Shaughnessy* the NASDAQ-100 Index® as taught by *Bloom et al.* to obtain a more diversified stock portfolio to further include any market capitalized stocks in a computer-implemented stock portfolio to seek above-market returns.

Prior art Made of Record Not Explicitly employed

US Patents

- US 6,064,985 describes a automated portfolio management system with Internet datafeed.
- US 5,946,666 describes a monitoring device for financial securities.
- US 5,819,238 discloses an apparatus and method for automatically modifying a financial portfolio having a predefined universe of securities, such as, e.g., an index fund, that tracks a given capitalization weighted index.
- US 5,297,032 describes security trading workstation.

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“Schwab introduces Analytic fund; utilizes quantitative techniques to seek above-market returns” by CHARLES SCHWAB & Co. Inc.

Conclusion

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

Washington, D.C. 20231

or faxed to:

(703)-308-9051 (**formal** communications intended for entry)

or:

(703)-305-9724 (**informal** communications labeled **PROPOSED** or **DRAFT**)

Hand-delivered responses should be brought to:

Sixth Floor Receptionist, Crystal Park II, 2121 Crystal Drive, Arlington, VA.

15. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Jeffrey Pwu whose telephone number is (703) 308-7835. The Examiner can normally be reached on Monday - Friday from 0830 to 1630 EST.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Vinnnie MILLIN, can be reached on (703) 305-9703.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (703) 308-1065.

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Jeffrey Pwu

A handwritten signature in black ink, appearing to read 'Jeffrey Pwu', written in a cursive style.

Jul 26, 2001